

## Report of Independent Auditors

The Board of Commissioners  
Public Utility District No. 1 of Clark County  
Vancouver, Washington

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying individual and combined financial statements of Public Utility District No. 1 of Clark County's Electric System, Generating System, and Water System (the District), which comprise the statements of net position as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the combined statement of net position as of December 31, 2020, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying individual and combined financial statements present fairly, in all material respects, the financial position of Public Utility District No. 1 of Clark County's Electric System, Generating System, and Water System as of December 31, 2021, and the results of its individual and combined operations and cash flows for the year then ended, and the combined statement of net position as of December 31, 2020, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis, schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of changes in total OPEB liability and related ratios be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the bonds maturity schedule and selected financial data and statistics, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Miss Adams UP*

Portland, Oregon

May 17, 2022

# Management Discussion and Analysis

This discussion and analysis is designed to provide an overview of Clark Public Utilities' financial activities for the year ended December 31, 2021, with comparable information for 2020 and 2019. This supplementary information should be read in conjunction with the District's financial statements.

Clark Public Utilities is a municipal corporation incorporated in 1938 to serve the citizens of Clark County, Washington. The District is governed by an elected independent three-member board of commissioners. The District manages and operates three separate utility systems: Electric, Generating, and Water.

The effects of the COVID-19 pandemic continued throughout 2021. District management has put into place various measures to protect the health and safety of customers and employees. Measures have been taken to assist customers where possible. The state of Washington mandated moratorium on residential utility disconnections and late fees ended September 30, 2021. Disconnections for non-payment were not performed and late fees were not assessed in 2021 as the District worked with customers with arrearages. The Emergency Community Response declared by the District in 2020 to activate temporary guidelines for the Operation Warm Heart, Senior Rate Credit and Guarantee of Service programs continued in 2021.

On October 5, 2021 the board of commissioners approved a resolution establishing a Clark Public Utilities COVID-19 response program. This program utilized regulatory revenue to fund customer credits and payment matching for limited-income residential accounts with past due balances. Distributions from this program totaled \$3.4 million in 2021. The financial effects of COVID-19 have also been partially mitigated by federal and state assistance programs, including the Low Income Home Energy Assistance Program. On December 31, 2021 and 2020, the accounts receivable balance of the Electric System was \$31.5 million and \$28.6 million, respectively.

Despite the challenges of the COVID-19 pandemic felt worldwide, utility crews and administrative staff have safely continued the essential work of providing reliable electric and water service and operating the River Road Generating Plant. The duration and intensity of the impact of COVID-19 and the resulting financial impact to the District is unknown at this time.

The District has experienced customer growth in both 2021 and 2020. At year-end, the board of commissioners allocated \$30 million in Electric System cash to fund a future investment in advanced metering infrastructure.

## Electric System

The Electric System serves all of Clark County, an area of approximately 667 square miles. Power supplies are provided through a combination of power supply contracts and purchases from the Generating System. Weather, customer growth and economic conditions are the primary influences on electricity sales. Generally, extreme temperatures result in higher sales to residential customers, who use electricity for heating and cooling, while moderate temperatures cause reduced sales.

## Financial Summary and Analysis

During 2021, the Electric System realized a net income before contributions of \$36.0 million. Factors influencing these results in 2021 include:

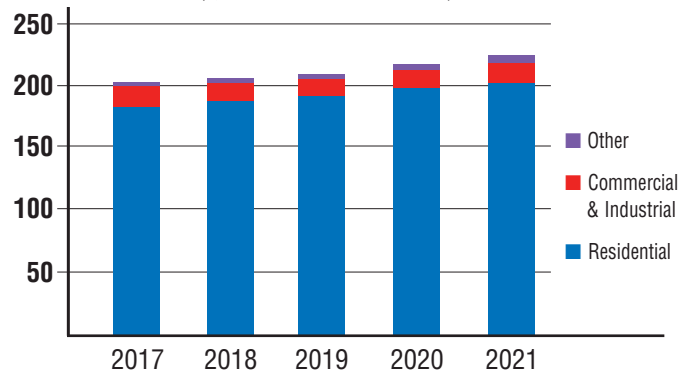
- Sales increased from \$348.9 million in 2020 to \$411.5 million in 2021 or 18.0%.
- Other operating revenues decreased from \$10.7 million in 2020 to \$9.9 million in 2021 or 6.6%.
- Power supply expenses increased from \$229.2 million in 2020 to \$251.5 million in 2021 or 9.8%.
- Operating and maintenance expenses increased from \$55.2 million in 2020 to \$64.2 million in 2021 or 16.3%. The increase is primarily as a result of the COVID-19 response program expense, increased uncollectable accounts expense and increased tree trimming expenditures.
- The River Road Generating Plant was shut down for annual maintenance for 874 hours in 2021, compared to 2,240 hours in 2020.

## System Rates

Electric System rates remained unchanged during 2021.

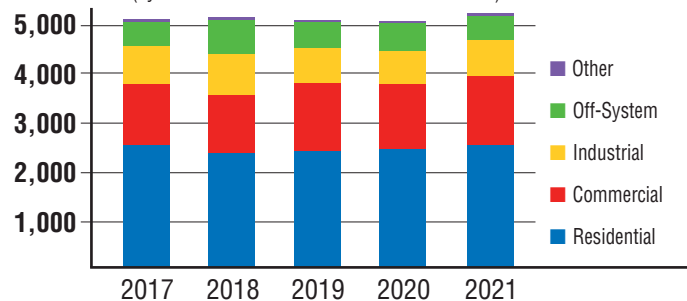
### Electric System Customers

(by customer class in thousands)



### Electric System Sales

(by customer class in millions of kilowatt-hours)



## Electric System (continued)

### Power Supply

For 2021, the Electric System had contracts with Bonneville Power Administration (BPA), the Generating System, Eurus Combine Hills II LLC and other power suppliers to provide the Electric System's power resources. The Electric System purchases about 51% of the energy requirements from BPA. Beginning October 1, 2011, the Electric System began taking deliveries under a Slice/Block product from BPA's federal power system. This contract expires September 2028. The BPA energy is a renewable hydropower resource. The contract provides for capacity and energy for the Electric System's load needs and requires hourly management of loads and resources. The rates charged by BPA under the contract are subject to periodic adjustments based on BPA's sales, revenue, and financial requirements.

### Selected Financial Data

(in thousands)	2021	2020	2019
Operating revenues	\$ 421,493	\$ 359,562	\$ 374,051
Operating expenses	373,018	340,118	352,844
Operating income	48,475	19,444	21,207
Net income before contributions	36,015	6,641	10,243
Contributions in aid of construction	2,661	4,223	5,384
<b>Total assets</b>	<b>\$ 858,588</b>	<b>\$ 841,707</b>	<b>\$ 767,790</b>
Total deferred outflows of resources	6,690	7,458	7,274
<b>Total assets and deferred outflows of resources</b>	<b>\$ 865,278</b>	<b>\$ 849,165</b>	<b>\$ 775,064</b>
<b>Total liabilities</b>	<b>\$ 334,966</b>	<b>\$ 364,129</b>	<b>\$ 328,883</b>
Deferred inflows of resources	128,012	121,412	93,421
<b>Net investment in capital assets</b>	<b>\$ 203,450</b>	<b>\$ 218,651</b>	<b>\$ 199,945</b>
Restricted	19,523	19,523	19,153
Unrestricted	179,327	125,450	133,662
<b>Total net position</b>	<b>\$ 402,300</b>	<b>\$ 363,624</b>	<b>\$ 352,760</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 865,278</b>	<b>\$ 849,165</b>	<b>\$ 775,064</b>
<b>Change in net position</b>	<b>\$ 38,676</b>	<b>\$ 10,864</b>	<b>\$ 15,627</b>

### Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Intangible plant	\$ 50,378	\$ 47,436	\$ 44,049
Transmission and distribution	895,360	857,069	818,229
General plant	91,475	87,922	85,424
<b>Total utility plant in service</b>	<b>1,037,213</b>	<b>992,427</b>	<b>947,702</b>
Construction work in progress	8,771	15,870	17,137
<b>Total gross utility plant</b>	<b>\$ 1,045,984</b>	<b>\$ 1,008,297</b>	<b>\$ 964,839</b>

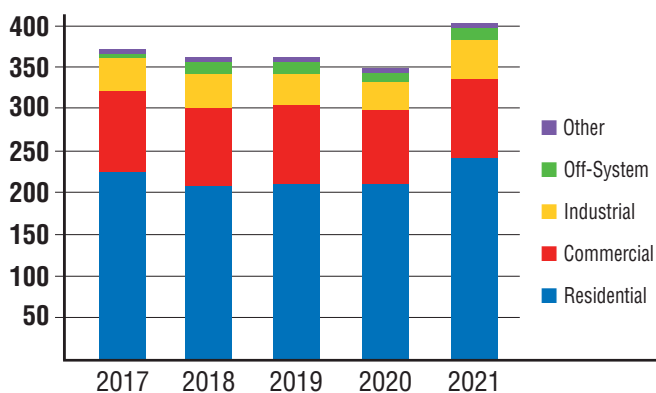
In 2021, the Electric System investment in gross utility plant increased by \$37.7 million. As of year-end, the Electric System had \$1.0 billion invested in gross utility plant. Utility plant net of depreciation was \$451.8 million, which represents an increase of \$4.1 million over 2020. Funds for capital construction are provided for through a combination of construction fees, cash flow from revenues and long-term revenue bonds

Total liabilities as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Total current liabilities	\$ 84,232	\$ 79,569	\$ 78,715
Total non-current liabilities	232,633	253,824	220,051
Total other liabilities	18,101	30,736	30,117
<b>Total liabilities</b>	<b>\$ 334,966</b>	<b>\$ 364,129</b>	<b>\$ 328,883</b>

At year-end, the Electric System had \$219.5 million in revenue bonds outstanding, versus \$234.4 million last year.

**Electric System Revenues**  
(by customer class in millions of dollars)



## Generating System

The Generating System operates the River Road Generating Plant, a natural gas-fired combined-cycle combustion turbine. The plant is a key element of the Electric System's integrated resource plan, and has operated smoothly and efficiently since beginning commercial operation in 1997. Since March 1, 2000, the plant has been operated under contract by General Electric. The District's goal is to operate the plant in an efficient and environmentally friendly manner for the benefit of the utility's customer-owners. The Generating System is a contract resource obligation of the Electric System. Operating income was \$11.2 million and \$10.0 million in 2021 and 2020, respectively.

### Fuel Supply

The District's 2021 fuel requirements for the River Road Generating Plant were provided through a combination of short-term fuel purchases and financial commitments with counterparties. The River Road Generating Plant operations are balanced with other power purchase contracts of the District.

### Fuel Transportation

The District has agreements for natural gas transportation provided through a series of capacity releases on the Northwest Pipeline. The release agreements provide capacity sufficient to supply the River Road Generating Plant with 45,000 mmBtu per day.

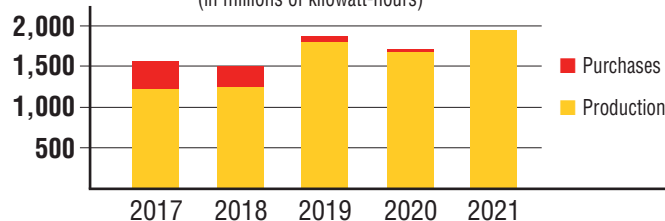
### Operating Statistics

(in thousands, except hours and percentages)

	2021	2020	2019
Energy production (megawatt-hours)	1,943	1,617	1,746
Power purchased for displacement (mwh)	-	20	52
Total energy output (megawatt-hours)	1,943	1,637	1,798
Percent of Electric System			
energy purchases	35%	30%	33%
Fuel expense (less re-marketed fuel)	\$ 39,771	\$ 41,088	\$ 25,907
Production hours	7,886	6,544	7,094
Displacement hours	-	1,040	787
Unavailable hours	874	1,200	879
Total hours	8,760	8,784	8,760

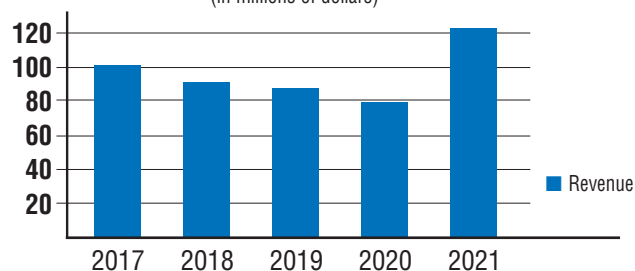
### Generating System Output

(in millions of kilowatt-hours)



### Generating System Revenues

(in millions of dollars)



## Selected Financial Data

(in thousands)	2021	2020	2019
Operating revenues	\$ 122,309	\$ 79,491	\$ 85,992
Operating expenses	111,104	69,497	71,331
Operating income	11,205	9,994	14,661
Net income before contributions	5,905	4,262	7,450
Contributions in aid of construction	-	-	-
Total assets	\$ 147,900	\$ 151,749	\$ 176,189
Total deferred outflows of resources	8,493	11,820	15,022
Total assets and deferred outflows of resources	\$ 156,393	\$ 163,569	\$ 191,211
Total liabilities	\$ 97,688	\$ 110,769	\$ 142,673
Net investment in capital assets	\$ 32,291	\$ 31,061	\$ 13,474
Restricted	8,666	8,666	12,021
Unrestricted	17,748	13,073	23,043
Total net position	\$ 58,705	\$ 52,800	\$ 48,538
Total liabilities and net position	\$ 156,393	\$ 163,569	\$ 191,211
Change in net position	\$ 5,905	\$ 4,262	\$ 7,450

### Capital Asset and Long-term Debt Activity

In 2021, the Generating System investment in gross utility plant increased by \$3.7 million in capital construction. As of year-end, the Generating System had \$317.7 million invested in gross utility plant. Utility plant net of depreciation was \$118.2 million, which represented a decrease of \$7.1 million from 2020. Funds for capital construction are provided for through long-term revenue bonds.

Total gross utility plant in service as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Intangible plant	\$ 1,394	\$ -	\$ -
Production plant	279,886	277,349	266,739
Source of supply	20	20	20
Pumping plant	170	170	170
Water treatment	697	697	697
Transmission and distribution	18,261	18,261	18,261
General plant	8,915	8,371	7,919
Allowance for funds used	8,316	8,316	8,316

Total utility plant in service	\$ 317,659	\$ 313,184	\$ 302,122
Construction work in progress	16	770	66
Total gross utility plant	\$ 317,675	\$ 313,954	\$ 302,188

In 2021, \$2.5 million of Generating System capital expenditures was funded by regulatory revenue of the Electric System and is included as an Electric System power supply expense.

Total liabilities as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Total current liabilities	\$ 18,986	\$ 13,875	\$ 24,058
Total non-current liabilities	78,702	96,894	118,615
Total liabilities	\$ 97,688	\$ 110,769	\$ 142,673

At year-end, the Generating System had \$87.3 million in revenue bonds outstanding versus \$97.7 million last year.

## Water System

The Water System serves suburban and rural sections of Clark County, using groundwater to meet customer needs. The Water System owns and operates 36 wells and 34 reservoirs. Weather and economic conditions are the primary influences on water sales. Generally, warm, dry weather results in higher sales to residential customers, while wet weather results in lower sales.

### Financial Summary and Analysis

During 2021, the Water System's operating revenues increased by \$1.5 million or 7.0%. The Water System realized a net income before contributions of \$2.8 million for 2021.

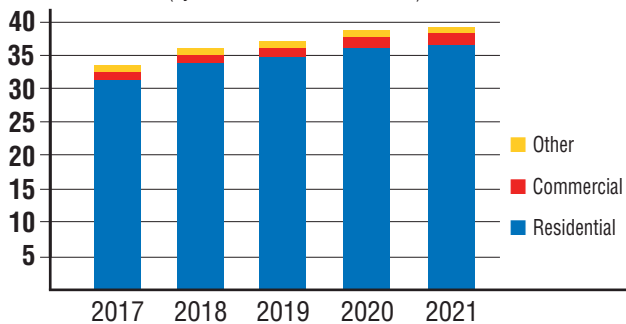
In 2021 the District signed Water Supply Agreements with both the City of Battle Ground and the City of Ridgefield. The Battle Ground agreement doubled their supply from 1,000 to 2,000 gallons per minute. The Ridgefield agreement also provided Ridgefield the ability to draw 1,000 gallons per minute at their current intertie. In exchange for these agreements, the cities agreed to contribute to the development of the Paradise Point Regional Water Supply System.

### System Rates

Water System rates remained unchanged during 2021.

#### Water System Customers

(by customer class in thousands)

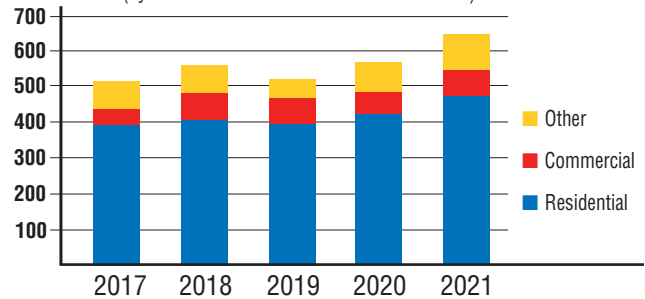


### Selected Financial Data

(in thousands)	2021	2020	2019
Operating revenues	\$ 22,462	\$ 20,991	\$ 19,430
Operating expenses	18,059	16,302	15,606
Operating income	4,403	4,689	3,824
Net income (loss) before contributions	2,787	2,821	2,317
Contributions in aid of construction	3,578	3,482	2,899
<b>Total assets</b>	<b>\$ 219,512</b>	<b>\$ 199,923</b>	<b>\$ 201,376</b>
Total deferred outflows of resources	553	656	569
<b>Total assets and deferred outflows of resources</b>	<b>\$ 220,065</b>	<b>\$ 200,579</b>	<b>\$ 201,945</b>
<b>Total liabilities</b>	<b>\$ 94,010</b>	<b>\$ 85,887</b>	<b>\$ 93,249</b>
Deferred inflows of resources	7,550	2,552	2,859
<b>Net investment in capital assets</b>	<b>\$ 94,474</b>	<b>\$ 87,984</b>	<b>\$ 82,712</b>
Restricted	5,490	5,171	5,171
Unrestricted	18,541	18,985	17,954
<b>Total net position</b>	<b>\$ 118,505</b>	<b>\$ 112,140</b>	<b>\$ 105,837</b>
<b>Total liabilities and net position</b>	<b>\$ 220,065</b>	<b>\$ 200,579</b>	<b>\$ 201,945</b>
<b>Change in net position</b>	<b>\$ 6,365</b>	<b>\$ 6,303</b>	<b>\$ 5,216</b>

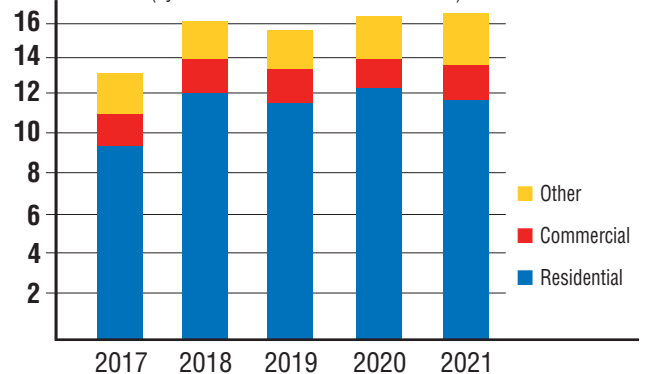
#### Water System Sales

(by customer class in thousands of cubic feet)



#### Water System Revenues

(by customer class in millions of dollars)



### Capital Asset and Long-term Debt Activity

Total gross utility plant in service as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Intangible plant	\$ 216	\$ 196	\$ 193
Source of supply	29,912	29,914	16,248
Pumping plant	18,816	18,748	14,363
Water treatment	5,789	5,790	2,119
Transmission and distribution	213,617	206,497	196,144
General plant	4,583	4,327	3,721
<b>Total utility plant in service</b>	<b>272,933</b>	<b>265,472</b>	<b>232,788</b>
Construction work in progress	4,405	1,790	22,921
<b>Total gross utility plant</b>	<b>\$ 277,338</b>	<b>\$ 267,262</b>	<b>\$ 255,709</b>

In 2021, the Water System investment in gross utility plant increased by \$10.1 million. As of year-end, the Water System had \$277.3 million invested in gross utility plant. Utility plant net of depreciation was \$169.9 million, which represented an increase of \$2.7 million over 2020. Funds for capital construction are provided for through a combination of construction fees, cash flow from revenues, long-term revenue bonds, and long-term loans from the state of Washington.

Total liabilities as of December 31, 2021, 2020 and 2019 consisted of the following:

(in thousands)	2021	2020	2019
Total current liabilities	\$ 10,077	\$ 9,265	\$ 9,992
Total non-current liabilities	82,233	73,428	80,180
Total other liabilities	1,700	3,194	3,077
<b>Total liabilities</b>	<b>\$ 94,010</b>	<b>\$ 85,887</b>	<b>\$ 93,249</b>

At year-end, the Water System had \$66.0 million in revenue bonds outstanding, versus \$57.8 million last year.

# Combined Statements of Revenues, Expenses and Changes in Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2021 and 2020 (in thousands)

	Electric System	Generating System	Water System	Total 2021	Total 2020
Operating revenues					
Sales	\$ 411,544	\$ 71,242	\$ 16,423	\$ 499,209	\$ 435,552
Other operating revenues	9,949	51,067	6,039	67,055	24,492
Total operating revenues	421,493	122,309	22,462	566,264	460,044
Operating expenses					
Power supply	251,503	-	-	251,503	229,152
Operation and maintenance expense	64,187	97,444	9,264	170,895	120,755
Depreciation and amortization expense	35,790	10,830	7,759	54,379	50,808
Taxes	21,538	2,830	1,036	25,404	25,202
Total operating expenses	373,018	111,104	18,059	502,181	425,917
Operating income	48,475	11,205	4,403	64,083	34,127
Non-operating revenues (expenses)					
Interest and investment revenue	231	19	34	284	1,409
Miscellaneous revenue	3,862	-	456	4,318	4,149
Amortization of debt	3,817	(1,037)	847	3,627	3,017
Interest expense	(10,842)	(4,282)	(2,953)	(18,077)	(18,290)
Miscellaneous expenses	(9,528)	-	-	(9,528)	(10,688)
Total non-operating revenues (expenses)	(12,460)	(5,300)	(1,616)	(19,376)	(20,403)
Net income (loss) before contributions	36,015	5,905	2,787	44,707	13,724
Contributions in aid of construction	2,661	-	3,578	6,239	7,705
Net increase (decrease) in net position	38,676	5,905	6,365	50,946	21,429
Total net position - beginning	\$ 363,624	\$ 52,800	\$ 112,140	\$ 528,564	\$ 507,135
Total net position - ending	\$ 402,300	\$ 58,705	\$ 118,505	\$ 579,510	\$ 528,564

The accompanying notes are an integral part of these combined financial statements.



# Combined Statements of Net Position

Public Utility District No. 1 of Clark County

For the years ended December 31, 2021 and 2020 (in thousands)

	Electric System	Generating System	Water System	Total 2021	Total 2020
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 278,958	\$ 26,705	\$ 44,185	\$ 349,848	\$ 344,706
Accounts receivable (net)	31,483	1,086	-	32,569	29,510
Accrued unbilled revenues	37,165	-	83	37,248	34,326
Materials and supplies	5,805	-	-	5,805	4,566
Prepayments and other assets	1,542	-	-	1,542	1,775
Total current assets	354,953	27,791	44,268	427,012	414,883
Utility plant:					
Plant in service	1,037,213	317,659	272,933	1,627,805	1,571,083
Construction work in progress	8,771	16	4,405	13,192	18,430
Total gross utility plant	1,045,984	317,675	277,338	1,640,997	1,589,513
Accumulated depreciation and amortization	(594,205)	(199,520)	(107,407)	(901,132)	(849,327)
Net utility plant	451,779	118,155	169,931	739,865	740,186
Regulatory and other assets	51,856	1,954	5,313	59,123	38,310
Total assets	858,588	147,900	219,512	1,226,000	1,193,379
Deferred outflows of resources	6,690	8,493	553	15,736	19,934
Total assets and deferred outflows	\$ 865,278	\$ 156,393	\$ 220,065	\$ 1,241,736	\$ 1,213,313

	Electric System	Generating System	Water System	Total 2021	Total 2020
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 34,353	\$ 496	\$ 3,228	\$ 38,077	\$ 35,748
Accrued taxes and interest	14,735	2,835	1,621	19,191	19,301
Other accrued liabilities	18,369	-	-	18,369	16,601
Current maturities long-term debt	16,775	15,655	5,228	37,658	31,059
Total current liabilities	84,232	18,986	10,077	113,295	102,709
Long-term debt:					
Revenue bonds	202,740	71,675	62,520	336,935	360,805
Unamortized premium and discount	29,893	7,027	8,907	45,827	50,802
Other long-term debt	-	-	10,806	10,806	12,539
Total long-term debt	232,633	78,702	82,233	393,568	424,146
Other liabilities	18,101	-	1,700	19,801	33,930
Total liabilities	334,966	97,688	94,010	526,664	560,785
Deferred inflows of resources	128,012	-	7,550	135,562	123,964
Net position					
Net investment in capital assets	203,450	32,291	94,474	330,215	337,696
Restricted for:					
Debt reserve	19,523	8,666	5,490	33,679	33,360
Unrestricted	179,327	17,748	18,541	215,616	157,508
Total net position	402,300	58,705	118,505	579,510	528,564
Total liabilities, deferred inflows and net position	\$ 865,278	\$ 156,393	\$ 220,065	\$ 1,241,736	\$ 1,213,313

The accompanying notes are an integral part of these combined statements.

# Combined Statements of Cash Flows

Public Utility District No. 1 of Clark County

For the years ended December 31, 2021 and 2020 (in thousands)

	Electric System	Generating System	Water System	Total 2021	Total 2020
Cash flows from operating activities:					
Receipts from customers	\$ 389,736	\$ 122,309	\$ 24,463	\$ 536,508	\$ 485,692
Payments to employees for services	(27,384)	-	-	(27,384)	(25,874)
Payments to suppliers for goods and services	(307,983)	(100,113)	(8,976)	(417,072)	(346,111)
Net cash from operating activities	54,369	22,196	15,487	92,052	113,707
Cash flows from investing activities:					
Utility plant additions, net of cost of removal and salvage	(37,220)	(3,721)	(6,878)	(47,819)	(61,102)
Interest received and other income (expense)	(5,164)	19	491	(4,654)	(3,702)
Net cash used by investing activities	(42,384)	(3,702)	(6,387)	(52,473)	(64,804)
Cash flows from capital financing activities:					
Borrowings from revenue bonds	-	-	14,315	14,315	54,640
Principal payments of revenue bonds	(14,870)	(10,345)	(6,130)	(31,345)	(66,150)
Other long-term debt	-	-	(1,974)	(1,974)	(2,190)
Acquisition of debt	-	-	2,730	2,730	12,615
Interest paid	(10,898)	(4,417)	(2,848)	(18,163)	(18,778)
Net cash from capital financing activities	(25,768)	(14,762)	6,093	(34,437)	(19,863)
Net increase (decrease) in cash and cash equivalents	(13,783)	3,732	15,193	5,142	29,040
Cash and cash equivalents at beginning of year	292,741	22,973	28,992	344,706	315,666
Cash and cash equivalents at end of year	\$ 278,958	\$ 26,705	\$ 44,185	\$ 349,848	\$ 344,706
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 48,475	\$ 11,205	\$ 4,403	\$ 64,083	\$ 34,127
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	35,790	10,830	7,759	54,379	50,808
Change in assets and liabilities:					
Accounts receivable (net)	(5,931)	(163)	31	(6,063)	(5,627)
Other assets	(20,687)	387	(1,532)	(21,832)	2,585
Accounts payable and other accrued liabilities	2,893	(63)	1,325	4,155	3,551
Regulatory and other liabilities	(6,171)	-	3,501	(2,670)	28,263
Net cash from operating activities	\$ 54,369	\$ 22,196	\$ 15,487	\$ 92,052	\$ 113,707

## Supplemental disclosure of cash flow information

Non-cash capital and related financing and investing activities:

Contributions in aid of construction of \$6,239 and \$7,705 in 2021 and 2020 respectively.

The accompanying notes are an integral part of these combined financial statements.

# Notes to Combined Financial Statements

The following notes are an integral part of the accompanying combined financial statements.

## Note 1:

### Summary of Operations and Significant Accounting Policies

Public Utility District No. 1 of Clark County, Washington (the District) is a municipal corporation owned by the people it serves and is operated for their benefit. The District is comprised of three operating utilities: the Electric, Generating and Water systems. Each operating utility system is physically and financially independent of the others. Electric and water rates are set by the District's elected commissioners.

The District has adopted accounting policies and practices that are in accordance with generally accepted accounting principles for regulated public utilities in the United States. A summary of the significant accounting policies follows:

a) Combined Financial Statements: The financial statements reflect the separate and combined utility operations of the District. The statements do not reflect elimination of transactions among the utilities.

b) Accounting Basis: The financial statements are prepared using the accrual basis of accounting for enterprise funds in conformity with Generally Accepted Accounting Principles (GAAP). The District uses as guidance Governmental Accounting Standards Board (GASB) pronouncements. In addition, the District's accounts are maintained in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts.

c) Revenue Recognition and Allowance for Doubtful Accounts: The District recognizes revenues as earned. Electric System customers are billed monthly and Water System customers are billed bimonthly. The District offers a program that averages customers' annual utility bills into equal monthly payments. The payments received in advance are offset as a credit against accounts receivable. It is the policy of the Electric System to purchase the receivables from the Water System. The allowance for doubtful accounts is provided entirely by the Electric System. The balance was \$4.1 million and \$2.6 million as of December 31, 2021 and 2020, respectively.

d) Utility Plant: Utility plant assets are stated at cost. Capital assets are tangible and intangible assets owned by the District and have initial useful lives extending beyond a single reporting period. Assets are classified by asset groups and useful lives are valued at industry norms. Management periodically reviews the carrying amounts of its long-lived assets for impairment. Depreciation is calculated on the straight-line method over the estimated useful life of the asset class. Depreciation rates are used for asset groups, and accordingly, no gain or loss is recorded on the disposition of an asset unless it represents a major retirement. The costs of maintenance and repairs are charged to operations as incurred.

e) Regulated Operations: The board of commissioners establishes rates to be charged for services delivered by the District. The established rates recover the costs of providing services to the customers of the District. The District follows industry accounting and capitalization principles for regulated operations. Regulatory assets and deferred inflows of resources are recorded when it is probable that future rates or rate reductions will permit recovery. (See Note 6.)

f) Sinking Funds: Certain bond issues and related agreements require the District to establish separate sinking fund accounts. The assets in these funds are restricted for specific uses, including debt service and other reserve requirements. (See Notes 7 and 10.)

g) Materials and Supplies: Materials and supplies inventories are stated at the lower of cost or market determined on the average cost basis.

h) Compensated Absences: The District records earned vacation leave as a liability and accrues certain salary-related expenses associated with payment of compensated absences. The compensated absences balance was \$18.1 million and \$16.2 million as of December 31, 2021 and 2020, respectively.

i) Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specific estimates include allowance for doubtful accounts, unbilled revenue, depreciation, net pension liability and other postemployment benefit liability. Actual results could differ from those estimates.

j) Reclassifications: Certain account balances have been classified in a manner different from the preceding year to provide comparability of the combined financial statements.

## Note 2:

### Purchased Power Contracts

Power supply is acquired from the River Road Generating Plant and a combination of power purchase contracts. The District is a preference customer of the Bonneville Power Administration (BPA), an agency of the United States Department of Energy. BPA provided 51% of our power supply in 2021, with the remainder produced by the River Road Generating Plant, the Combine Hills LLC Wind Power Agreement, the Packwood Hydroelectric Project and market power purchases.

The Electric System executes physical transactions for the procurement of natural gas and power. Forward contracts are used to lock in price and firm the physical supply of energy products to match and cover energy loads. Purchased power and natural gas procurement are guided by the principles established in a formal power supply risk management policy.

# Notes to Combined Financial Statements

## a) BPA Contracts

Effective October 2011, the District began taking deliveries under the Slice/Block power sales contract with BPA. The BPA contract incorporates details of the District's purchase of the Slice/Block product from the Federal power system and expires September 2028. This contract provides for capacity and energy for the District's load needs and requires hourly management of loads and resources.

The District also has an executed contract for Network Transmission (NT) with BPA from October 2001 through September 2031. The NT agreement is used to deliver resources, power sales contracts and market purchases to serve the District's energy load.

**Residential Exchange Program:** During 1980, Congress enacted the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). The Northwest Power Act authorizes Northwest utilities to exchange their generally higher-cost power serving residential and small farm customers for an equivalent amount of energy from BPA. During 2011, the District signed a Revised Residential Exchange Settlement Agreement with BPA settling the methodology for the calculation of future benefits. The revised agreement took effect October 1, 2011. The District received Residential Exchange Program credits from BPA in the amount of \$1.6 million in 2021 and \$2.2 million in 2020. The REP credits are distributed to residential and small farm customers in the form of credits against individual monthly bills.

## b) River Road Generating Plant

The natural gas-fired generating plant produces electric energy to serve the Electric System, which purchases 100% of the output at cost. The plant was shut down for 874 hours in 2021 and 2,240 hours in 2020 for maintenance or economic displacement.

## c) Combine Hills II LLC Wind Power Agreement

To meet the requirements of Initiative 937, the Washington Energy Independence Act, the District entered into a power purchase power arrangement in 2009 with Eurus Combine Hills II LLC. Under the agreement, the District purchases the entire output of a 63-megawatt nameplate capacity wind project for a 20-year term beginning in January 2010. The project began commercial operation January 2010. During 2021, output from the project was brought to serve utility load.

## d) Services

Beginning October 1, 2011, the District entered into an agreement with The Energy Authority (TEA) to provide trading, scheduling, settlements, hedging and forecasting services for all loads and resources for the District's power supply requirements. TEA also has provided scheduling services for Combine Hills II since April 1, 2016.

## e) Energy Northwest

**Packwood Hydroelectric Project:** Under the terms of a long-term contract with Energy Northwest, the District received 18% of the capability of the Packwood project to serve its energy load needs. The Packwood project is a 27.5 megawatt hydroelectric project, and the District is obligated to pay 18% of the project's annual costs.

**Washington Nuclear Projects (WNP) 1, 2 and 3:** The District signed "net-billing agreements" with Energy Northwest and BPA. Under terms of these agreements, the District agreed to purchase a maximum of 14% and 6% of the capability of WNP-1 and WNP-2 and 14% of Energy Northwest's 70% ownership share of WNP-3, respectively. The District contractually transferred this capability to BPA. Through the transfer, BPA is obligated to pay the District and the District is obligated to pay Energy Northwest a pro rata share of the total annual costs of each project, including debt service on revenue bonds issued to finance the projects, whether or not the projects are completed, operable, or operating and notwithstanding the suspension, reduction, or curtailment of the projects' output.

## Natural Gas Procurement

Natural gas to supply the River Road Generating Plant is provided by purchases from various counterparties. The agreements secure financial commitments and contracts to procure physical natural gas deliveries and mitigate delivery risk.

**a) Natural Gas Management:** The Electric System has an agreement with Shell Energy (US) LP for fuel, power and heat rate services. Services provided by this contract include re-marketing of surplus natural gas and gas transportation and purchasing natural gas as directed by the District. This contract provides for annual renewals each year after September 2016 at each party's option. In 2021, both parties exercised their option for renewal through September 2022.

**b) Natural Gas Transportation:** Agreements for natural gas transportation are provided through a series of capacity releases on the Northwest Pipeline. The release agreements provide capacity sufficient to supply River Road Generating Plant with 45,000 mmBtu per day.

## Power Supply Costs

For the years ended December 31  
(in thousands)

	2021	2020
Bonneville Power Administration	\$ 99,171	\$ 97,320
From Generating System	71,242	70,337
Packwood	597	552
Market purchases	40,053	17,998
Wind	12,704	16,267
Transmission	24,589	23,526
Other production expense	3,147	3,152
<b>Total power supply costs</b>	<b>\$ 251,503</b>	<b>\$ 229,152</b>
<b>Average power cost in mills/kwh</b>	<b>45.17</b>	<b>42.35</b>

# Notes to Combined Financial Statements

## Note 3: Litigation

As a result of operations, the District may be involved in litigation. It is the District's policy to defend itself or pursue claims determined to be in the best interests of the District's customers. The District believes the various litigation positions in the cases have merit; however, is not able to predict the outcome of any of the unresolved litigation and the effect, if any. The District does not believe that any of the current litigation will have a material effect on the reported financial position.

## Note 4: Utility Plant

Utility plant in service as of December 31, 2021 and 2020 consisted of the following:

### Electric System

(in thousands)	Balance Dec. 31, 2020	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2021
Intangible plant	\$ 47,436	\$ 2,942	\$ -	\$ 50,378
Trans and distribution	857,069	40,390	2,099	895,360
General plant	87,922	4,650	1,097	91,475
<b>Total plant in service</b>	<b>\$ 992,427</b>	<b>\$ 47,982</b>	<b>\$ 3,196</b>	<b>\$ 1,037,213</b>

### Generating System

(in thousands)	Balance Dec. 31, 2020	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2021
Intangible plant	\$ -	\$ 1,394	\$ -	\$ 1,394
Source of supply	20	-	-	20
Pumping plant	170	-	-	170
Water treatment	697	-	-	697
Production plant	277,349	2,537	-	279,886
Trans and distribution	18,261	-	-	18,261
General plant	8,371	544	-	8,915
Allowance for funds used	8,316	-	-	8,316
<b>Total plant in service</b>	<b>\$ 313,184</b>	<b>\$ 4,475</b>	<b>\$ -</b>	<b>\$ 317,659</b>

### Water System

(in thousands)	Balance Dec. 31, 2020	Additions/ Reclassifications	Retirements/ Reclassifications	Balance Dec. 31, 2021
Intangible plant	\$ 196	\$ 20	\$ -	\$ 216
Source of supply	29,914	(2)	-	29,912
Pumping plant	18,748	68	-	18,816
Water treatment	5,790	(1)	-	5,789
Trans and distribution	206,497	7,445	325	213,617
General plant	4,327	323	67	4,583
<b>Total plant in service</b>	<b>\$ 265,472</b>	<b>\$ 7,853</b>	<b>\$ 392</b>	<b>\$ 272,933</b>

## Note 5: Other Assets and Liabilities

### Other Assets

Other assets as of December 31, 2021 and 2020 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Non-current conservation loans (Note 11)	\$ 1,997	\$ -	\$ -	\$ 1,997	\$ 2,132
Net pension asset	31,422	-	2,945	34,367	-
Other	-	-	-	-	-
<b>Total</b>	<b>\$ 33,419</b>	<b>\$ -</b>	<b>\$ 2,945</b>	<b>\$ 36,364</b>	<b>\$ 2,132</b>

### Other Liabilities

Other liabilities as of December 31, 2021 and 2020 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Net pension liability	\$ 3,011	\$ -	\$ 282	\$ 3,293	\$ 13,464
OPEB liability	14,228	-	1,334	15,562	19,556
Operation Warm Heart	662	-	-	662	651
Other	200	-	84	284	259
<b>Total</b>	<b>\$ 18,101</b>	<b>\$ -</b>	<b>\$ 1,700</b>	<b>\$ 19,801</b>	<b>\$ 33,930</b>

Net pension liability and net pension asset represent the District's portion of the calculated present value of projected benefit payments to be provided to active and inactive employees that is attributed to past periods of employee service, less the pension plan's fiduciary net position. (See Note 8: Pension Plans.)

OPEB liability represents an actuarial measurement of the future cost of healthcare benefits to be received by retirees, attributable to those employees' past periods of services defined under GASB Statement No. 75. (See Note 1 and 8: OPEB.)

The District through the Operation Warm Heart program solicits donations from customers to provide payment assistance for qualified customers.

# Notes to Combined Financial Statements

## Note 6:

### Deferred Outflows and Inflows of Resources

The board of commissioners has taken various actions that result in the recognition of revenues and expenses for ratemaking purposes. These actions result in regulatory assets, deferred outflows of resources, and deferred inflows of resources, which are summarized in the tables below. Changes in their balances, and their inclusion in rates, occur only at the direction of the board.

#### Regulatory Assets

Regulatory assets as of December 31, 2021 and 2020 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Reg power exp	\$ -	\$ 1,550	\$ -	\$ 1,550	\$ 1,937
Reg OPEB exp	16,237	-	1,522	17,759	17,310
Reg pension exp	634	-	60	694	13,787
Reg unamort debt exp	1,566	404	786	2,756	3,144
Total	\$ 18,437	\$ 1,954	\$ 2,368	\$ 22,759	\$ 36,178

Regulatory power expense represents power supply costs paid for in previous years and recognized as expenses in future rate periods.

Regulatory OPEB expense represents a portion of the change in net OPEB items, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize OPEB expense. (See Notes 1 and 8: OPEB.)

Regulatory pension expense represents the District's portion of the change in pension items, as defined under GASB Statement No. 68 and GASB Statement No. 71. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 8: Pension Plans.)

Regulatory unamortized debt expense represents fees and expenses associated with the issuance of revenue bonds. These costs are amortized over the life of the remaining bonds and recognized as expenses in future rate periods.

#### Deferred Outflows of Resources

Deferred outflows of resources as of December 31, 2021 and 2020 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Unamortized loss on reaq debt	\$ 956	\$ 8,493	\$ 15	\$ 9,464	\$ 13,153
OPEB costs	2,003	-	188	2,191	2,601
Pension costs	3,731	-	350	4,081	4,180
Total	\$ 6,690	\$ 8,493	\$ 553	\$ 15,736	\$ 19,934

The loss on reacquired debt represents unamortized components associated with revenue refunding bonds. These costs are amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds.

OPEB costs represent a portion of the change in net OPEB items, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize OPEB expense. (See Note 1 and 8: OPEB.)

Pension costs represent a portion of the change in net pension items, as defined under GASB Statement No. 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 8: Pension Plans.)

#### Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2021 and 2020 consisted of the following:

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Reg revenue	\$ 91,224	\$ -	\$ 4,102	\$ 95,326	\$ 119,105
OPEB costs	4,012	-	376	4,388	356
Pension costs	32,776	-	3,072	35,848	4,503
Total	\$ 128,012	\$ -	\$ 7,550	\$ 135,562	\$ 123,964

During 2021, the Board of Commissioners distributed \$20 million from regulatory revenues to Electric System customers. In addition, regulatory revenues were applied to fund \$3.4 million for the Clark Public Utilities COVID-19 Response Program, and \$2.5 million for Generating System capital expenditures. At year-end 2021, the Board of Commissioners increased regulatory revenue \$2 million in the Water System to be used in future rate periods.

OPEB costs represent a portion of the change in net OPEB items, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize OPEB expense. (See Note 1 and 8: OPEB.)

Pension costs represent a portion of the change in net pension items, as defined under GASB Statement No. 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Washington state Pension Funding Council. (See Note 8: Pension Plans.)

# Notes to Combined Financial Statements

## Note 7:

### Current and Long-term Debt

#### Electric System

During the year ended December 31, 2021, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2020	Additions	Reductions	Balance Dec 31, 2021	Amounts due within one year
<b>2011 Revenue and Refunding Bonds</b>	\$ 3,450	\$ -	\$ 3,450	\$ -	\$ -
<b>2012 Revenue and Refunding Bonds</b> Due in annual installments of \$1,660 - \$6,255 through January 1, 2033; interest at 3.25% - 5.00%.	37,210	-	4,045	33,165	6,255
<b>2014 Revenue and Refunding Bonds</b> Due in annual installments of \$1,405 - \$3,445 through January 1, 2035; interest at 5.00%.	33,650	-	2,095	31,555	2,200
<b>2016 Revenue and Refunding Bonds</b> Due in annual installments of \$2,220 - \$8,715 through January 1, 2037; interest at 5.00%.	84,935	-	4,150	80,785	5,900
<b>2018 Revenue and Refunding Bonds</b> Due in annual installments of \$1,190 - \$2,720 through January 1, 2039; interest at 5.00%.	34,545	-	1,130	33,415	1,190
<b>2020 Revenue and Refunding Bonds</b> Due in annual installments of \$1,230 - \$3,100 through January 1, 2041; interest at 5.00%.	40,595	-	-	40,595	1,230
<b>Total Electric System Revenue Bonds</b>	<b>\$ 234,385</b>	<b>\$ -</b>	<b>\$ 14,870</b>	<b>\$ 219,515</b>	<b>\$ 16,775</b>

## Notes to Combined Financial Statements

### Generating System

During the year ended December 31, 2021, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2020	Additions	Reductions	Balance Dec 31, 2021	Amounts due within one year
<b>2012A Revenue Bonds</b> Due in installments of \$3,355 - \$11,265 through January 1, 2025; interest at 4.00% - 5.00%.	\$ 17,815	\$ -	\$ 3,195	\$ 14,620	\$ 3,355
<b>2012B Revenue Bonds</b> Due in annual installments of \$1,345 - \$1,470 through January 1, 2025; interest at 2.773% - 3.293%.	6,930	-	1,310	5,620	1,345
<b>2016 Revenue Bonds</b> Due in annual installments of \$1,000 - \$14,870 through January 1, 2037; interest at 5.00%.	42,095	-	1,000	41,095	2,095
<b>2018 Revenue Bonds</b> Due in annual installments of \$2,590 - \$3,150 through January 1, 2026; interest at 5.00%.	16,790	-	2,470	14,320	2,590
<b>2020 Revenue Bonds</b> Due in annual installments of \$5,405 - \$6,270 through January 1, 2023; interest at 5.00%.	14,045	-	2,370	11,675	6,270
<b>Total Generating System Revenue Bonds</b>	<b>\$ 97,675</b>	<b>\$ -</b>	<b>\$ 10,345</b>	<b>\$ 87,330</b>	<b>\$ 15,655</b>



## Notes to Combined Financial Statements

### Water System

During the year ended December 31, 2021, the following changes occurred in revenue bonds:

(in thousands)	Balance Dec 31, 2020	Additions	Reductions	Balance Dec 31, 2021	Amounts due within one year
<b>2011 Revenue and Refunding Bonds</b>	\$ 3,055	\$ -	\$ 3,055	\$ -	\$ -
<b>2014 Revenue and Refunding Bonds</b> Due in annual installments of \$705 - \$1,210 through January 1, 2034; interest at 3.50% - 5.00%.	12,760	-	670	12,090	705
<b>2017 Revenue and Refunding Bonds</b> Due in annual installments of \$930 - \$2,775 through January 1, 2037; interest at 5.00%.	30,790	-	2,070	28,720	2,175
<b>2019 Revenue and Refunding Bonds</b> Due in annual installments of \$355 - \$860 through January 1, 2040; interest at 5.00%.	11,225	-	335	10,890	355
<b>2021 Revenue and Refunding Bonds</b> Due in annual installments of \$260 - \$1,195 through January 1, 2042; interest at 4.00% - 5.00%.	-	14,315	-	14,315	260
<b>Total Water System Revenue Bonds</b>	\$ 57,830	\$ 14,315	\$ 6,130	\$ 66,015	\$ 3,495

During 2021, the District issued Water System Revenue Refunding Bonds, Series 2021 in the amount of \$14.3 million. The bonds provided funds for capital construction requirements, refunded the District's outstanding Series 2011 Water System Revenue Bonds, and funded the reserve account requirements for the 2021 issuance. The refunding of the Series 2011 bonds resulted in a positive net present value savings. They mature serially in varying amounts and are subject to early redemption privileges.

### Debt Service

The District's revenue bond sinking fund requirements are as follows:

(in thousands)	Electric System			Generating System			Water System		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2022	\$ 9,956	\$ 17,605	\$ 27,561	\$ 3,504	\$ 16,385	\$ 19,889	\$ 3,006	\$ 4,600	\$ 7,606
2023	9,075	16,270	25,345	2,713	19,155	21,868	2,776	4,555	7,331
2024	8,262	15,575	23,837	1,782	16,755	18,537	2,560	4,175	6,735
2025	7,483	16,355	23,838	969	4,220	5,189	2,359	4,375	6,734
2026	6,665	15,250	21,915	758	1,125	1,883	2,149	4,585	6,734
2027-2031	23,488	59,965	83,453	2,888	6,530	9,418	7,614	18,670	26,284
2032-2036	10,536	44,855	55,391	1,083	7,505	8,588	3,466	14,880	18,346
2037-2041	1,881	16,865	18,746	-	-	-	770	6,680	7,450

# Notes to Combined Financial Statements

## Debt Service Reserve Accounts

The resolutions for outstanding bonds of the District require setting aside amounts in debt service reserve accounts equal to the lesser of maximum annual debt service for each bond series in any fiscal year or 125 percent of average annual debt service for each bond. At December 31, 2021, the debt service reserve accounts are fully cash funded.

Debt service reserve accounts as of December 31, 2021 and 2020 were as follows

(in thousands)	Electric System	Generating System	Water System	December 31	
				2021	2020
Cash deposits	\$ 19,523	\$ 8,666	\$ 5,490	\$ 33,679	\$ 33,360

## Other Debt

### Lines of Credit

The District has authorized and issued the following subordinate lien revenue lines of credit for each of the systems to meet temporary cash requirements:

System	Purpose	Authorized Amount	Amount Outstanding December 31, 2021
Electric	Interim capital requirements and operating expenses	\$ 20 million	\$ -
Generating	Interim capital requirements	\$ 20 million	-
Water	Interim capital requirements and operating expenses	\$ 2 million	-

In January 2020, the District amended the existing U.S. Bank subordinate lien revenue line of credit notes in the amount of \$20 million for the Electric System, \$20 million for the Generating System and \$2 million for the Water System, which now mature July 21, 2023.

### Water System Other Debt

The District has participated with the state of Washington in financing various long-term capital improvements for the Water System. These funds have been provided from three sources – Public Works Trust Fund, Drinking Water State Revolving Fund, and the Department of Ecology. In order to participate in these financing vehicles the District matches funds with the loan awards. Loans are repaid over terms of 20 to 21 years, with no interest or annual interest rates from .25% to 1.5%. The current outstanding long-term obligations for the Water System reflect the total draw on the loan awards. The carrying amounts approximate the fair value since such loans are exclusive and have no market. Principal and interest payments on these outstanding obligations are as follows:

(in thousands)	Interest	Principal	Total	Outstanding Principal Balance
Balance on Dec. 31, 2021				\$ 12,539
2022	\$ 91	\$ 1,733	\$ 1,824	10,806
2023	80	1,733	1,813	9,073
2024	69	1,733	1,802	7,340
2025	58	1,168	1,226	6,172
2026	50	1,118	1,168	5,054
2027-2031	152	4,223	4,375	831
2032-2034	23	831	854	-

## Note 8:

### Pension Plans, Postemployment Benefits, and Deferred Compensation Plans

#### Pension Plans

District employees participate in a statewide local government retirement system administered by the Washington State Department of Retirement Systems (DRS). The Public Employee Retirement System (PERS) is a cost sharing multiple employer system that provides for retirement and disability benefits based upon compensation and length of service. PERS consists of three separate plans: Plan 1, Plan 2 and Plan 3. Plan 1 is a defined-benefit plan that covers employees hired prior to October 1, 1977. Plan 2 is a defined-benefit plan for employees hired into the PERS system on or after October 1, 1977. Beginning September 1, 2002, PERS statutes made available an optional Plan 3 for new employees and Plan 2 members. Plan 3 is a two-part system, consisting of an employer-funded defined-benefit component and an employee-funded defined-contribution component.

Each plan has specific calculations for eligibility, actuarial deductions, full retirement benefit payments, and survivor or disability payments. Detailed information on all plans is found on the DRS public website at [www.drs.wa.gov](http://www.drs.wa.gov). The general vesting and retirement eligibility criteria are outlined as follows:

	Defined benefit vesting	Eligibility for retirement
PERS 1	5 years of eligible service	Any age with at least 30 years of service At age 55 with 25 years of service At age 60 and vested
PERS 2	5 years of eligible service	At age 65 and vested At age 55 with 20 years of service at a reduced benefit
PERS 3	5-10 years, depending on age/previous PERS 2	At age 65 and vested At age 55 with 10 years of service at a reduced benefit

**PERS Funding Policy:** The District and all participating agencies are required to contribute to each plan at rates established by the state Pension Funding Council, using recommendations from the Office of the State Actuary. Each biennium the council sets employer contribution rates for Plan 1, Plan 2 and Plan 3, along with Plan 2 employee contribution rates. The employee contribution rate for Plan 1 is established by state statute and does not vary from year to year. Employee contribution rates for Plan 3 are set by the Employee Retirement Benefits Board. The methods used to determine the contribution requirements are established under state statute.

## Notes to Combined Financial Statements

Plan 2 is funded by the employer and employee contributions and associated investment earnings. The Plan 3 defined-benefit component is funded by the employer contributions and the associated investment earnings. The Plan 3 defined-contribution component is funded by the employee contributions and associated investment earnings. The required contribution rates to the PERS retirement system as of December 31, 2021, are as follows:

	PERS 1	PERS 2	PERS 3
Employer	10.25%	10.25%	10.25%
Employee	6.00%	6.36%	5-15%

**Actuarial Assumptions - Pension:** The total pension liability (TPL) for each of the plans was estimated using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of Office of State Auditor's (OSA) 2013-2018 Demographic Experience Study and the 2020 Economic Experience Study.

Additional assumptions for the subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020 to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation (economic)	2.75%
Active Member Payroll Growth	3.50%
Investment Rate of Return	7.40%

Mortality rates for active members, retirees, survivors and disability rates were developed using Pub. H-2010 Mortality rates published by the Society of Actuaries. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. Mortality rates are applied on a generational basis, meaning each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

The long-term expected rate of return on DRS pension plan investments is forecast using a building block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various times. The long-term expected rate of return of 7.40% approximately equals the median of the simulated investment returns over various future times.

**Estimated Rates of Return by Asset Class - Pension:** Best estimates of arithmetic real rates of return for each major class are included in the pension plans' target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.75% and represents WSIB's most recent long-term estimate of broad economic inflation. A summary of the estimated rates of return by asset class are as follows:

Asset class	Target allocation	Long-term expected real rate of return arithmetic
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%

**Discount Rate:** The discount rate used to measure the total DRS pension liability was 7.40%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all the projected future benefit payments for current plan members. Based on those assumptions described in the OSA's certification letter within the DRS Annual Comprehensive Financial Report, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

**Pension Liability Sensitivity:** The following table reflects the impact of the discount rate assumptions on the District's proportionate share of net pension liability:

(in thousands)	1% decrease in discount rate 6.4%	Discount rate 7.4%	1% increase in discount rate 8.4%
Proportionate share of the PERS Plan 1 net pension liability (asset)	\$ 5,611	\$ 3,293	\$ 1,273
Proportionate share of the PERS Plan 2/3 net pension liability (asset)	\$ (9,791)	\$ (34,367)	\$ (54,606)

# Notes to Combined Financial Statements

**Pension Plan Fiduciary Net Position:** Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately issued DRS 2021 Annual Comprehensive Financial Report. The DRS Annual Comprehensive Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

Any information obtained from the DRS is the responsibility of the state of Washington. The District's pension contribution amounts were verified by an internal review of the information provided by DRS. However, the District has relied on the information provided in the Washington State DRS Annual Comprehensive Financial Report and the Washington State DRS Participating Employer Financial Information (PEFI) obtained from DRS when recognizing pension cost for 2021 and 2020.

**Washington State Retirement System Pension Costs:** As of June 30, 2021, Washington State Department of Retirement Systems total pension liability for all covered entities included in the Washington State Annual Comprehensive Financial Report for PERS Plans 1 and 2/3 was as follows:

(in thousands)	PERS 1	PERS 2/3	Jun 30, 2021	Jun 30, 2020
Total pension liability	\$ 10,847,066	\$ 49,095,728	\$ 59,942,794	\$ 57,287,332
Plan fiduciary net position	9,625,832	59,057,337	68,683,169	52,477,849
Net pension liability (asset)	\$ 1,221,234	\$ (9,961,609)	\$ (8,740,375)	\$ 4,809,483

**District's Proportionate Share of Pension Costs:** The District's proportionate share of the Washington State DRS PERS Plans 1 and 2/3 employer contributions were as follows:

	Jun 30, 2021	Jun 30, 2020
PERS 1	0.269690%	0.260725%
PERS 2/3	0.344998%	0.332973%

The District's net pension liability is the District's proportionate share of pension costs multiplied by the Washington State DRS total net pension liability. As of December 31, 2021, the District's proportionate share of the Washington State Retirement System net pension liability was as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2021	Dec 31, 2020
Total net pension liability (asset)	\$ 3,293	\$ (34,367)	\$ (31,073)	\$ 13,464

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the contributions received by PERS during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERS participating employers as well as the statutorily required contributions required to fund the unfunded actuarial accrued liability.

For the year ended December 31, 2021, the District has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates and corresponding District contributions for PERS Plans 1 and 2/3. (See Note 6: Regulatory Assets.)

The District's actual annual contributions to the PERS retirement system were as follows as of year-end:

(in thousands)	2021	2020	2019
District contributions	\$ 4,897	\$ 5,194	\$ 4,976

At December 31, 2021, the District reported its combined proportionate share of pension costs recorded as deferred outflows of resources from the following sources:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2021
Differences between expected and actual economic experience	\$ -	\$ 1,669	\$ 1,669
Differences between projected and actual investment earnings	-	-	-
Changes in actuarial assumptions	-	50	50
Changes in proportion	-	195	195
Contributions paid to PERS subsequent to the measurement date	804	1,363	2,167
Total	\$ 804	\$ 3,277	\$ 4,081

Amounts reported as deferred outflows of resources are projected to be recognized as an addition of the regulatory asset as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2021
2022	\$ 804	\$ 1,799	\$ 2,603
2023	-	436	436
2024	-	361	361
2025	-	328	328
2026	-	244	244
Thereafter	-	109	109
Total	\$ 804	\$ 3,277	\$ 4,081

At December 31, 2021, the District reported its combined proportionate share of pension costs recorded as deferred inflows of resources from the following sources:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2021
Differences between expected and actual economic experience	\$ -	\$ (421)	\$ (421)
Differences between projected and actual investment earnings	(3,655)	(28,723)	(32,378)
Changes in assumptions	-	(2,441)	(2,441)
Changes in proportion	-	(608)	(608)
Total	\$ (3,655)	\$ (32,193)	\$ (35,848)

Amounts reported as deferred inflows of resources are projected to be recognized as an addition/reduction of the regulatory asset as follows:

(in thousands)	PERS 1	PERS 2/3	Dec 31, 2021
2022	\$ (968)	\$ (8,258)	\$ (9,226)
2023	(887)	(7,927)	(8,814)
2024	(839)	(7,533)	(8,372)
2025	(961)	(8,006)	(8,967)
2026	-	(369)	(369)
Thereafter	-	(100)	(100)
Total	\$ (3,655)	\$ (32,193)	\$ (35,848)

# Notes to Combined Financial Statements

## Postemployment Benefits Other Than Pensions (OPEB)

By resolution, the District provides 100% employer-paid postretirement medical, vision and prescription benefits for qualified retired employees and their eligible dependents until age 65, known as the retiree medical plan (plan). Employees hired after August 13, 2013 must be at least 55 years old and have 20 years of service. As of December 31, 2021 there were 25 retirees participating in the plan and 406 active employees.

The plan is funded by the District on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. The plan is accounted for under the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

For the year ended December 31, 2021, the District has elected to use regulatory accounting to recognize the changes in the OPEB liability and record the actual plan expenses each year. The changes in the OPEB liability are recognized as an addition to the regulatory OPEB expense. The District's actual annual OPEB expense was \$604,494 at year-end. (See Note 6: Regulatory Assets.)

**Actuarial Assumptions and other inputs - OPEB:** The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of pay for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). The portion of this actuarial present value allocated to a valuation year is called the normal cost.

The economic assumption for inflation is 2.75 percent. Projected payroll increases are assumed at a rate of 3.5% per year. The health cost trend rate is 6.0% trending down to 4.5% in 2028. On December 20, 2019 the excise tax provision of the ACA was repealed, and is not included in the OPEB liability for year-end 2021.

Demographic assumptions regarding retirement, turnover, and mortality are based upon the Washington State Public Employees' Retirement System (PERS) Plan 2 as shown in the 2007-2012 Experience Study by the Washington State Public Retirement Systems. Mortality rates were based on the rates applicable for PERS employees used in the June 30, 2019 actuarial valuation published by the Office of the State Actuary in Olympia, Washington.

The 2.12% discount rate assumption is the December 31, 2020 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer

**OPEB Liability Sensitivity:** The following table reflects the impact of discount rate assumptions on the District's total OPEB liability.

(in thousands)	1% decrease	Current rate	1% increase
Healthcare cost trend rate	\$ 13,661	\$ 15,562	\$ 17,840
Discount rate	\$ 16,798	\$ 15,562	\$ 14,371

**Changes in Total OPEB Liability:** The Valuation Date is January 1, 2021. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is December 31, 2020. This is the date as of which the total OPEB liability is determined. (See Note 5: Other Liabilities.)

The changes in the total OPEB liability for the measurement period ending December 31, 2020 are as follows:

(in thousands)	Increase (decrease) total OPEB liability
Balance as of Dec. 31, 2019	\$ 19,556
Changes for the year:	
Service cost	838
Interest on total OPEB liability	406
Effect of plan changes	-
Effect of economic/demographic gains or losses	(724)
Effect of assumptions changes or inputs	(3,688)
Expected benefit payments	(826)
Balance as of December 31, 2020	\$ 15,562

**Deferred Outflows and Inflows of Resources:** At December 31, 2021, the District reported deferred outflows and inflows of resources (See Note 6: Deferred Outflows and Inflows of Resources) from the following sources:

(in thousands)	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 871	\$ (669)
Changes of assumptions	716	(3,719)
Contributions subsequent to the measurement date	604	-
Total	\$ 2,191	\$ (4,388)

Amounts currently reported as deferred outflows and inflows of resources are projected to be recognized as an addition to the regulatory asset as follows:

For measurement period ending December 31	
(in thousands)	
2021	\$ 473
2022	(133)
2023	(133)
2024	(133)
2025	(144)
Thereafter	(2,127)
Total	\$ (2,197)

## Deferred Compensation

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 401(k), permitting employees to contribute and defer a portion of their current salaries up to defined limits. As defined in Section 457 of the IRS Code, the District has placed the 457 deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries.

# Notes to Combined Financial Statements

## Note 9: Refunded Bond Issues

As of December 31, 2021, all debt service has been satisfied on revenue bond series that were extinguished through in-substance defeasance.

## Note 10: Cash, Cash Equivalents and Sinking Funds

As of December 31, 2021, the District had the following cash, cash equivalents and investments at amortized cost:

Fair Value (in thousands)	2021	2020
State investment pool (LGIP)	\$ 298,454	\$ 299,159
Cash	51,394	45,547
Total cash, cash equivalents and sinking funds	\$ 349,848	\$ 344,706

It is the operating practice of the District to invest public funds in a manner that provides the highest invested return with the maximum security of invested funds. These principles are balanced against and conforming to all of Washington state statutes governing investment of public funds, meeting daily cash flow demands of the District and the management and oversight of investing public funds. The District considers all liquid investment securities to be cash equivalents, including sinking fund investments.

The Washington state investment pool (LGIP) is an unrated 2a-7-like pool, as defined by the Governmental Accounting Standards Board (GASB). The LGIP manages a portfolio of securities that meet maturity, quality, diversification and liquidity requirements set forth by GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with generally accepted accounting principles (GAAP). The LGIP transacts with its participants as a stable net value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

As of December 31, 2021, the state investment pool balance included the District bond reserve amount of \$33.7 million. (See Note 7: Current and Long-term Debt.)

## Interest Rate Risk

The District's balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

## Credit Risk

As required by state law, all cash and investments of the District are invested in obligations of the U.S. Government and its agencies, the LGIP, or deposits with Washington state banks. The District's deposits in Washington state banks are entirely covered by federal depository insurance (FDIC) or collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. The District's investments or deposits held by the LGIP are all classified as category 1 risk level investments. The LGIP investment portfolio is presented in the state of Washington's June 30, 2021 Annual Comprehensive Financial Report.

## Note 11: Conservation Funds

The District promotes energy conservation by providing loans and grants for weatherization, heat pump and market transformation programs. During 1999, a loan program began whereby the District provides conservation loans for up to seven years at 3.5% to 5.25% interest. Under this program, the total loan amount provided was \$1.3 million during 2021 and \$1.0 million in 2020.

## Note 12: Subsequent Events

The following event is determined to be classified as a subsequent event through the report date, which is the date the financial statements were issued.

## Subordinate Lien Revenue Line of Credit

In March 2022, the Generating System received \$3.5 million from the U.S. Bank Generating System Line of Credit with US Bank to fund capital requirements.

# Required Supplementary Information

Public Utility District No. 1 of Clark County

## Schedule of Proportionate Share of Net Pension Liability

Measurement date June 30

(in thousands, except percentages)

	2021	2020	2019	2018	2017
<b>PERS 1</b>					
Proportion of the net pension liability	0.269690%	0.260725%	0.272053%	0.278681%	0.283048%
Proportionate share of the net pension liability	\$ 3,293	\$ 9,205	\$ 10,461	\$ 12,446	\$ 13,431
Covered payroll PERS 1	\$ 64	\$ 302	\$ 410	\$ 490	\$ 333
Covered payroll PERS 2/3	41,264	38,790	37,220	35,871	34,926
Total covered payroll	\$ 41,328	\$ 39,092	\$ 37,630	\$ 36,361	\$ 35,259
Proportionate share of the net pension liability as a percentage of its covered payroll	8.0%	23.5%	27.8%	34.2%	38.1%
Plan fiduciary net position as a percentage of the total pension liability	88.7%	68.6%	67.1%	63.2%	61.2%
<b>PERS 2/3</b>					
Proportion of the net pension liability	0.344998%	0.332973%	0.342022%	0.346350%	0.356236%
Proportionate share of the net pension liability (asset)	\$ (34,367)	\$ 4,259	\$ 3,322	\$ 5,914	\$ 12,377
Covered payroll	\$ 41,264	\$ 38,790	\$ 37,220	\$ 35,871	\$ 34,926
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(83.3)%	11.0%	8.9%	16.5%	35.4%
Plan fiduciary net position as a percentage of the total pension liability	120.3%	97.2%	97.8%	95.8%	91.0%

## Schedule of Contributions

As of December 31

(in thousands, except percentages)

	2021	2020	2019	2018	2017
<b>PERS 1</b>					
Contractually required contribution	\$ 1,828	\$ 1,917	\$ 1,944	\$ 1,901	\$ 1,791
Covered payroll	\$ 41,992	\$ 39,879	\$ 38,584	\$ 36,941	\$ 35,942
Contributions as a percentage of covered payroll	4.4%	4.8%	5.0%	5.1%	5.0%
<b>PERS 2/3</b>					
Contractually required contribution	\$ 3,021	\$ 3,153	\$ 2,937	\$ 2,739	\$ 2,419
Covered payroll	\$ 41,917	\$ 39,817	\$ 38,131	\$ 36,525	\$ 35,474
Contributions as a percentage of covered payroll	7.2%	7.9%	7.7%	7.5%	6.8%

## Notes to RSI Schedules

1) Factors that significantly affect trends in the amounts reported in the schedule include changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions such as the discount rate. DRS allocates a portion of contributions from PERS 2/3 to PERS 1 in order to fund its unfunded actuarially accrued liability (UAAL) pursuant to RCW 41.45.060.

2) The District implemented GASB Statement No. 68 for the year ended December 31, 2015. (See Note 8.) Ten-year trend information will be presented prospectively.

3) The District's actual contributions represented in Note 8 are different from the amounts reflected in the schedule of contributions shown and are the result of payment timing differences and fees. Covered payroll is the payroll on which the contributions to a pension plan are based. Therefore, Plan 1 covered payroll also includes Plan 2/3 payroll in order to fund the Plan 1 UAAL.

# Required Supplementary Information

Public Utility District No. 1 of Clark County

## Schedule of Proportionate Share of Net Pension Liability - continued from previous page

Measurement date June 30

(in thousands, except percentages)

	2016	2015	2014
<b>PERS 1</b>			
Proportion of the net pension liability	0.295011%	0.307228%	0.292867%
Proportionate share of the net pension liability	\$ 15,843	\$ 16,071	\$ 14,753
Covered payroll PERS 1	\$ 382	\$ 472	\$ 694
Covered payroll PERS 2/3	34,306	34,149	30,800
Total covered payroll	\$ 34,688	\$ 34,621	\$ 31,494
Proportionate share of the net pension liability as a percentage of its covered payroll	45.7%	46.4%	46.8%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	59.1%	61.2%
<b>PERS 2/3</b>			
Proportion of the net pension liability	0.368815%	0.384777%	0.359035%
Proportionate share of the net pension liability	\$ 18,570	\$ 13,748	\$ 7,258
Covered payroll	\$ 34,306	\$ 34,149	\$ 30,800
Proportionate share of the net pension liability as a percentage of its covered payroll	54.1%	40.3%	23.6%
Plan fiduciary net position as a percentage of the total pension liability	85.8%	89.2%	93.3%

## Schedule of Contributions

As of December 31

(in thousands, except percentages)

	2016	2015	2014
<b>PERS 1</b>			
Contractually required contribution	\$ 1,676	\$ 1,509	\$ 1,343
Covered payroll	\$ 34,681	\$ 33,963	\$ 32,629
Contributions as a percentage of covered payroll	4.8%	4.4%	4.1%
<b>PERS 2/3</b>			
Contractually required contribution	\$ 2,139	\$ 1,886	\$ 1,603
Covered payroll	\$ 34,331	\$ 33,569	\$ 32,095
Contributions as a percentage of covered payroll	6.2%	5.6%	5.0%



# Required Supplementary Information

Public Utility District No. 1 of Clark County

## Schedule of Changes in Total OPEB Liability and Related Ratios

For measurement period ended December 31  
(in thousands, except percentages)

	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 838	\$ 1,015	\$ 958	\$ 870
Interest on total OPEB liability	406	772	603	631
Changes of benefit terms	-	-	-	-
Effect of economic/demographic gains (losses)	(724)	-	1,280	-
Effect of assumption changes or inputs	(3,688)	559	(452)	490
Expected benefit payments	(826)	(1,171)	(1,126)	(1,379)
Net change in total OPEB liability	(3,994)	1,175	1,263	612
Total OPEB liability, beginning	19,556	18,381	17,118	16,506
Total OPEB liability, ending	15,562	19,556	18,381	17,118
Covered employee payroll	40,265	38,704	37,074	36,009
Total OPEB liability as a percentage of covered employee payroll	38.65%	50.53%	49.58%	47.54%

### Notes to RSI Schedules

- 1) There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- 2) There are no changes of benefit terms.
- 3) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.
- 4) Covered employee payroll is provided from the actuarial report and determined as of the measurement date.

# Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

## Electric System

In thousands, except for interest rates

Maturity Date	Series 2012		Series 2014		Series 2016		Series 2018		Series 2020		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2022	\$ 6,255	5.000	\$ 2,200	5.000	\$ 5,900	5.000	\$ 1,190	5.000	\$ 1,230	5.000	\$ 16,775	\$ 202,740
2023	4,460	5.000	3,445	5.000	7,165	5.000	1,245	5.000	1,290	5.000	17,605	185,135
2024	4,675	5.000	1,405	5.000	7,525	5.000	1,310	5.000	1,355	5.000	16,270	168,865
2025	1,660	5.000	3,220	5.000	7,900	5.000	1,375	5.000	1,420	5.000	15,575	153,290
2026	1,740	5.000	3,380	5.000	8,300	5.000	1,445	5.000	1,490	5.000	16,355	136,935
2027	1,830	5.000	1,625	5.000	8,715	5.000	1,515	5.000	1,565	5.000	15,250	121,685
2028	1,920	3.250	1,705	5.000	6,175	5.000	1,590	5.000	1,645	5.000	13,035	108,650
2029	1,985	3.350	1,790	5.000	6,485	5.000	1,670	5.000	1,730	5.000	13,660	94,990
2030	2,050	3.400	1,880	5.000	3,660	5.000	1,755	5.000	1,815	5.000	11,160	83,830
2031	2,120	3.500	1,975	5.000	3,845	5.000	1,845	5.000	1,905	5.000	11,690	72,140
2032	1,845	3.500	2,070	5.000	2,220	5.000	1,935	5.000	2,000	5.000	10,070	62,070
2032	350	5.000	-	-	-	-	-	-	-	-	350	61,720
2033	2,275	4.000	2,175	5.000	2,335	5.000	2,030	5.000	2,100	5.000	10,915	50,805
2034			2,285	5.000	2,450	5.000	2,135	5.000	2,205	5.000	9,075	41,730
2035			2,400	5.000	2,575	5.000	2,240	5.000	2,315	5.000	9,530	32,200
2036					2,700	5.000	2,350	5.000	2,430	5.000	7,480	24,720
2037					2,835	5.000	2,470	5.000	2,550	5.000	7,855	16,865
2038							2,595	5.000	2,680	5.000	5,275	11,590
2039							2,720	5.000	2,815	5.000	5,535	6,055
2040									2,955	5.000	2,955	3,100
2041									3,100	5.000	3,100	-
<b>Total</b>	<b>\$ 33,165</b>		<b>\$ 31,555</b>		<b>\$ 80,785</b>		<b>\$ 33,415</b>		<b>\$ 40,595</b>		<b>\$ 219,515</b>	

# Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

## Generating System

In thousands, except for interest rates

Maturity Date	Series 2012A		Series 2012B		Series 2016		Series 2018		Series 2020		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2022	\$ 2,300	4.000	\$ 1,345	2.773	\$ 2,095	5.000	\$ 2,590	5.000	\$ 6,270	5.000	\$ 14,600	\$ 72,730
2022	1,055	5.000	-	-	-	-	-	-	-	-	1,055	71,675
2023	-	-	1,380	2.973	6,880	5.000	2,720	5.000	5,405	5.000	16,385	55,290
2024	-	-	1,425	3.143	14,870	5.000	2,860	5.000	-	-	19,155	36,135
2025	11,265	5.000	1,470	3.293	1,020	5.000	3,000	5.000	-	-	16,755	19,380
2026	-	-	-	-	1,070	5.000	3,150	5.000	-	-	4,220	15,160
2027	-	-	-	-	1,125	5.000	-	-	-	-	1,125	14,035
2028	-	-	-	-	1,180	5.000	-	-	-	-	1,180	12,855
2029	-	-	-	-	1,240	5.000	-	-	-	-	1,240	11,615
2030	-	-	-	-	1,305	5.000	-	-	-	-	1,305	10,310
2031	-	-	-	-	1,370	5.000	-	-	-	-	1,370	8,940
2032	-	-	-	-	1,435	5.000	-	-	-	-	1,435	7,505
2033	-	-	-	-	1,510	5.000	-	-	-	-	1,510	5,995
2034	-	-	-	-	1,585	5.000	-	-	-	-	1,585	4,410
2035	-	-	-	-	1,665	5.000	-	-	-	-	1,665	2,745
2036	-	-	-	-	1,745	5.000	-	-	-	-	1,745	1,000
2037	-	-	-	-	1,000	5.000	-	-	-	-	1,000	-
<b>Total</b>	<b>\$ 14,620</b>		<b>\$ 5,620</b>		<b>\$ 41,095</b>		<b>\$ 14,320</b>		<b>\$ 11,675</b>		<b>\$ 87,330</b>	

# Bonds Maturity Schedules - Unaudited

Public Utility District No. 1 of Clark County

## Water System

In thousands, except for interest rates

Maturity Date	Series 2014		Series 2017		Series 2019		Series 2021		Total	Remaining Bonds Outstanding
	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate	Principal Jan. 1	Interest Rate		
2022	\$ 705	5.000	\$ 2,175	5.000	\$ 355	5.000	\$ 260	5.000	\$ 3,495	\$ 62,520
2023	740	5.000	2,290	5.000	375	5.000	1,195	5.000	4,600	57,920
2024	775	3.500	2,405	5.000	395	5.000	980	5.000	4,555	53,365
2025	805	4.000	2,515	5.000	415	5.000	440	5.000	4,175	49,190
2026	835	4.000	2,645	5.000	435	5.000	460	5.000	4,375	44,815
2027	870	4.000	2,775	5.000	455	5.000	485	5.000	4,585	40,230
2028	905	5.000	2,335	5.000	480	5.000	505	5.000	4,225	36,005
2029	950	5.000	2,455	5.000	500	5.000	535	5.000	4,440	31,565
2030	995	5.000	1,535	5.000	525	5.000	560	5.000	3,615	27,950
2031	1,045	5.000	930	5.000	555	5.000	585	5.000	3,115	24,835
2032	1,100	5.000	980	5.000	580	5.000	615	4.000	3,275	21,560
2033	1,155	5.000	1,025	5.000	610	5.000	640	4.000	3,430	18,130
2034	1,210	5.000	1,080	5.000	640	5.000	665	4.000	3,595	14,535
2035			1,135	5.000	670	5.000	695	4.000	2,500	12,035
2036			1,190	5.000	705	5.000	720	4.000	2,615	9,420
2037			1,250	5.000	740	5.000	750	4.000	2,740	6,680
2038					780	5.000	780	4.000	1,560	5,120
2039					815	5.000	810	4.000	1,625	3,495
2040					860	5.000	845	4.000	1,705	1,790
2041							875	4.000	875	915
2042							915	4.000	915	-
<b>Total</b>	<b>\$ 12,090</b>		<b>\$ 28,720</b>		<b>\$ 10,890</b>		<b>\$ 14,315</b>		<b>\$ 66,015</b>	

# Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

## Comparative Statements of Income from Electric System Operations (in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenues	\$ 421,493	\$ 359,562	\$ 374,051	\$ 370,902	\$ 382,722	\$ 374,647	\$ 379,227	\$ 375,782	\$ 373,657	\$ 360,729
Operating expenses	373,018	340,118	352,844	343,936	344,539	339,617	342,301	346,815	339,662	338,230
Operating income	48,475	19,444	21,207	26,966	38,183	35,030	36,926	28,967	33,995	22,499
Non-operating revenues (expenses)	(12,460)	(12,803)	(10,964)	(12,054)	(12,699)	(15,701)	(14,553)	(14,006)	(15,409)	(15,856)
Net income (loss)	\$ 36,015	\$ 6,641	\$ 10,243	\$ 14,912	\$ 25,484	\$ 19,329	\$ 22,373	\$ 14,961	\$ 18,586	\$ 6,643

## Electric System Statistics

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Electric energy delivered megawatt hours (in thousands)</b>										
Residential	2,584	2,483	2,438	2,365	2,525	2,289	2,270	2,316	2,387	2,317
Commercial	1,312	1,237	1,312	1,310	1,335	1,292	1,287	1,289	1,293	1,270
Industrial	758	731	740	765	749	720	724	749	735	741
Off-system sales	677	727	699	796	593	907	1,033	901	851	1,022
Miscellaneous	21	23	25	25	29	28	29	27	26	26
Total	5,352	5,201	5,214	5,261	5,231	5,236	5,343	5,282	5,292	5,376

### Average revenue per kwh (in cents)

Residential	9.24	9.25	9.26	9.27	9.17	9.25	9.24	9.21	9.16	9.18
Commercial	7.40	7.46	7.41	7.41	7.37	7.38	7.38	7.38	7.37	7.41
Industrial	5.56	5.57	5.56	5.56	5.57	5.57	5.58	5.58	5.58	5.57
Miscellaneous	14.82	14.20	14.21	14.10	12.15	13.68	13.51	13.59	13.62	13.52

Average - all classes	8.15	8.18	8.14	8.12	8.09	8.07	8.10	7.90	7.79	7.73
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### Average number of customers

Residential	203,039	197,577	193,221	188,131	183,880	180,241	176,605	174,379	171,449	169,569
Commercial	17,599	17,240	16,924	16,527	16,130	15,703	15,449	15,248	15,021	14,776
Industrial	28	29	29	29	29	29	29	29	28	25
Miscellaneous	1,555	1,545	1,530	1,524	1,484	1,448	1,465	1,471	1,441	1,433

Total - all classes	222,221	216,391	211,704	206,211	201,523	197,421	193,548	191,127	187,939	185,803
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### Average annual kwh used per customer

Residential	12,729	12,568	12,615	12,570	13,734	12,698	12,853	13,278	13,923	13,667
Commercial	74,531	71,746	77,518	79,272	82,764	82,263	83,333	84,532	86,087	85,936
Industrial	27,063,714	25,192,395	25,530,416	26,365,602	25,830,198	24,842,179	24,969,726	25,827,682	26,248,173	29,636,712
Miscellaneous	13,821	15,101	15,940	16,687	19,379	19,027	19,570	18,597	18,051	18,531

# Selected Financial Data and Statistics - Unaudited

Public Utility District No. 1 of Clark County

## Comparative Statements of Income from Water System Operations (in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenues	\$ 22,462	\$ 20,991	\$ 19,430	\$ 20,966	\$ 18,685	\$ 17,389	\$ 17,471	\$ 15,697	\$ 14,920	\$ 14,144
Operating expenses	18,059	16,302	15,606	15,001	14,268	13,324	12,690	11,796	11,008	10,586
Operating income	4,403	4,689	3,824	5,965	4,417	4,065	4,781	3,901	3,912	3,558
Non-operating revenues (expenses)	(1,616)	(1,868)	(1,507)	(1,484)	(2,375)	(1,964)	(539)	(1,997)	(1,166)	(2,215)
Net income (loss)	\$ 2,787	\$ 2,821	\$ 2,317	\$ 4,481	\$ 2,042	\$ 2,101	\$ 4,242	\$ 1,904	\$ 2,746	\$ 1,343

## Water System Statistics

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Cubic feet delivered (in thousands)</b>										
Residential	467,058	416,535	390,893	412,919	382,318	357,535	382,190	350,868	335,558	343,113
Commercial	72,953	61,319	66,246	67,174	60,565	56,742	53,478	50,858	48,708	47,828
Miscellaneous	110,540	87,240	76,365	84,273	77,882	72,996	76,807	64,881	61,415	62,053
Total	650,551	565,094	533,504	564,366	520,765	487,273	512,475	466,607	445,681	452,994

### Average revenue per cubic foot (in cents)

Residential	2.86	2.92	2.94	2.90	2.92	2.92	2.87	2.91	2.92	2.85
Commercial	2.83	2.87	2.81	2.83	2.78	2.75	2.74	2.78	2.77	2.75
Miscellaneous	2.71	2.75	2.73	2.73	2.72	2.70	2.70	2.68	2.70	2.64
Average - all classes	2.83	2.89	2.89	2.86	2.87	2.87	2.83	2.86	2.87	2.81

### Average number of customers

Residential	36,278	35,271	34,376	33,373	32,276	31,384	30,673	30,091	29,599	29,248
Commercial	1,365	1,327	1,294	1,253	1,167	1,104	1,076	1,081	1,072	1,069
Miscellaneous	750	752	756	758	761	760	753	725	711	696
Total - all classes	38,393	37,350	36,426	35,384	34,204	33,248	32,502	31,897	31,382	31,013

### Average annual cubic feet used per customer

Residential	12,874	11,810	11,371	12,373	11,845	11,392	12,460	11,660	11,337	11,731
Commercial	53,446	46,209	51,195	53,610	51,898	51,397	49,701	47,047	45,437	44,741
Miscellaneous	147,387	116,010	101,012	111,178	102,342	96,047	102,001	89,491	86,378	89,157